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**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

DEPARTMENT OF TRANSPORTATION
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DOCKET SECTION

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U.S. TORONTO SERVICE PROCEEDING)
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Docket 50168

**ANSWER OF DELTA AIR LINES, INC. TO
MOTION TO COMPEL OF TRANS WORLD AIRLINES, INC.**

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March 20, 1995

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

U.S. TORONTO SERVICE PROCEEDING

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**ANSWER OF DELTA AIR LINES, INC. TO
MOTION TO COMPEL OF TRANS WORLD AIRLINES, INC.**

Delta Air Lines, Inc. ("Delta") hereby files this answer in opposition to the Motion to Compel of Trans World Airlines, Inc. ("TWA") requesting that the Department require Delta to supplement its direct exhibits in the above-captioned matter with respect to alleged self-diversion. For the reasons discussed below, Delta opposes TWA's Motion and urges that it be denied.

1. There is no basis for TWA's Motion as it relates to Delta. Delta has complied in all material respects with the Department's evidence request. TWA cites to two provisions of the evidence request with which TWA claims Delta has not complied.

First, TWA refers to Item 1.e., which states that the applicant's forecast should include "the net revenue anticipated from the proposed service for the forecast year." Delta's "proposed service" in this case, on which its request for an award is based, involves nonstop service between Atlanta and Toronto with two daily frequencies. Delta fully complied with the net revenue requirement. Delta has submitted in Exhibits DL-401

and DL-402 the "net revenue" Delta anticipates from the proposed Atlanta-Toronto non-stop service for the forecast year.

Next, TWA refers to Evidence Request Item 1.(c), which states applicants should "include any anticipated traffic changes in other markets on the applicant's existing system in which service will be altered as a result of the proposal in this case." That clause, however, must be viewed in the context of the entire paragraph in which it is located. That paragraph concerns the applicant's traffic forecasts relating to the service proposed in this proceeding, including single-plane and online connecting traffic. Delta's Atlanta-Toronto traffic forecast in this case did not include any Pittsburgh-Toronto passengers. In addition, Delta's extremely low and conservative projected market share of only 55% in the local Atlanta-Toronto O&D market accounts in part for Delta's service between Pittsburgh and Toronto. Moreover, Delta's testimony specifically addressed the issue of over-all diversion (including self-diversion):

"Delta has not specifically taken into account diversion from new U.S. carrier Toronto services, because such diversion would not be a significant factor for several reasons. First, Atlanta-Toronto is already extremely large and the stimulative effect of first nonstop service will further boost the traffic base. Atlanta-Toronto will clearly support more than the two daily nonstop frequencies proposed by Delta. Second, Atlanta is the most convenient gateway to serve Delta's primary catchment area. Third, additional services will have a stimulative, not a diversionary impact on U.S.-Toronto traffic."

Exhibit DL-T-1, page 5 of 7.

Furthermore, Delta has decided to reduce nonstop service between Pittsburgh-Toronto by only one roundtrip, not two. This decision was made after Delta submitted its

exhibits. The flight Delta is eliminating was installed only a few months ago in January 1995 and traffic from that flight would not have been reflected in the base-year O&D data.

As can be seen, Delta's forecast and testimony adequately responds to the evidence request with respect to the self-diversion issue. Although Delta's presentation may not be in the form or detail TWA would like, it more than satisfies the Department's requirement.

2. Self-diversion is not a significant carrier selection factor. To the extent self-diversion has any arguable relevance in carrier-selection proceedings, the relevance relates to projected profitability of proposed services. The Department has on many occasions expressed the view that profitability is not a decisionally significant carrier-selection factor. See, for example, the *U.S.-U.S.S.R. North Atlantic Combination Service Case*, Order 91-6-2 at 17, and *Guam/Saipan-Osaka Combination Service Case*, Order 94-7-13 at 6.

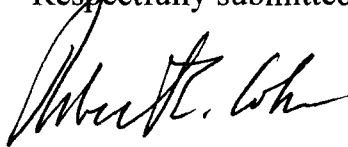
In any event, in light of the size of the Atlanta-Toronto market and the size and scope of Delta's Atlanta hub, there can be no question (and Delta's exhibits demonstrate) that Delta will generate adequate profits on its Atlanta-Toronto nonstop proposal.

3. To the extent that TWA believes that self-diversion is an issue, it is free to make whatever argument it desires on this matter to the Department. Delta adequately has responded to the Department's evidence request and should not be required to supplement its exhibits.

4. Finally, TWA's Motion is particularly disingenuous in light of TWA's unauthorized and extended delay in delivering its direct exhibits to the other parties contrary to the timetable established in Order 95-2-57. Although the Instituting Order directed all applicants to deliver direct exhibits on March 14, 1995, TWA did not deliver its exhibits to Delta until several days later. Yet here, TWA's Motion requests the respondents to file answers less than two business days after the filing of the Motion. Delta has chosen to file this answer early, so that the Department can deny and thereby dispose of TWA's Motion at the earliest possible date to avoid delay in this important route case.

WHEREFORE, Delta Air Lines, Inc. opposes TWA's Motion and urges that it be denied.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Answer of Delta Air Lines, Inc. was served this 20th day of March, 1995, on all persons listed on the attached service list.



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